

**ENERGY AND ALLIED INSURANCE POOL
OF NIGERIA LIMITED/GTE**

**FINANCIAL STATEMENTS
31 DECEMBER 2020**

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

POOL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

Country of incorporation	Nigeria
Pool registration number	RC 1220385
Directors	
Mr. Segun Balogun	Chairman
Mr. Oye Hassan-Odukale	Director
Mr. Edwin Igbiti	Director
Mr. Olatoye Odunsi	Director
Mr. Olaotan Soyinka	Director
Mr. Eddie Efekoha	Director
Mr. Ben Agili	Director
Company Secretary	Nigerian Insurers Association (NIA) NIA Secretariat, 42, Saka Tinubu Street Victoria Island, Lagos.
Registered Office	NIA Secretariat, 42, Saka Tinubu Street Victoria Island, Lagos Nigeria.
Bankers	Guaranty Trust Bank Plc 635, Akin Adesola Street Victoria Island, Lagos. United Bank for Africa UBA House 57, Marina Lagos Island Lagos.
Auditors	PKF Professional Services (Chartered Accountants) PKF House 205, Ikorodu Road, Obanikoro Lagos.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors accept responsibility for the preparation of the accompanying financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in the manner required by the Companies and Allied Matters Act, 2020,

The Directors are of the opinion that the accompanying financial statements give a true and fair view of the state of the financial affairs of the Pool, in the manner required by Companies and Allied Matters Act 2020.

The Directors further accept responsibility for the maintenance of adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The Directors have made assessment of the Pool's ability to continue as a going concern and have no reason to believe that the Pool will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by:



Segun Balogun
Chairman
FRC/2013/CIIN/00000002288

Dated: 7 September 2021



Paul Atiomo
Pool Manager
FRC/2016/CIIN/00000014929

Dated: 7 September 2021

Independent Auditor's Report

To the Members of Energy and Allied Insurance Pool of Nigeria Ltd/Gte

Opinion

We have audited the financial statements of Energy and Allied Insurance Pool of Nigeria Ltd/Gte ("the Pool"), which comprise the balance sheet as at 31 December 2020, and the statement of surplus or deficit, statement of changes in members account and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Pooling financial statements present fairly, in all material respects, the balance sheet of the Pool as at 31 December 2020, and its surplus or deficit and cash flows for the year then ended in accordance as with the requirements of the Companies and Allied Matters Act, 2020 and the Energy and Allied Insurance Pool Constitution dated 15 December 2014.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matters were addressed in the audit
<p>Valuation of Insurance Contract Liabilities</p> <p>The insurance contract liabilities for the Pool amounted to N921 million. This represents 93% of the total liabilities of the Pool as at 31 December 2020. The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.</p> <p>Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liabilities for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates. Hence the eventual outcome is uncertain.</p> <p>The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.</p> <p>Valuation of the insurance contract liabilities at year end was determined by management with reference to internally generated data.</p> <p>The Pool's accounting policy on insurance contract liabilities are shown in Notes 4.4 and related disclosures in Note 2.</p>	<p>Our approaches in relation to management's valuation of insurance contract liabilities included the following:</p> <ul style="list-style-type: none"> i) We evaluated the design, implementation and operating effectiveness of key controls instituted by the Pool which includes management review of data used for the valuation of insurance liabilities. ii) We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking claims paid, outstanding claims and underwriting data recorded in the Pool's books. iii) We considered the Pool's valuation methodology and assumptions as well as indicators of possible management bias. <p>Based on the work we have performed, we consider the valuation of insurance contract liabilities acceptable.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Director's Report, Statement of Directors' Responsibilities and Statement of Value Added, which we obtained prior to the date of this audit report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Companies and Allied Matters Act, 2020, and the Energy and Allied Insurance Pool Constitution dated 15 December 2014 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Pool's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Pool or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pool's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pool's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pool to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that will be identified during the audit.

Report on Other Legal and Regulatory Requirements

In accordance with the fifth schedule of the Companies and Allied Matters Act 2020, we confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) The Pool has kept proper books of account, in so far as it appears from our examination of those books;
- iii) The Pool's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Ayodeji K. Sonukan, FCA
FRC/2013/ICAN/00000002431
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Dated: 7 September 2021




ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

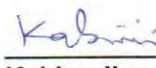
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Assets			
Cash and cash equivalents	6	3,893,101	2,986,461
Financial assets at amortised cost	7	676,397	559,066
Trade receivables	8	203,898	120,540
Deferred acquisition cost	9	31,261	19,922
Total assets		4,804,657	3,685,989
Liabilities			
Insurance contract liabilities	10	920,548	702,660
Trade and other payables	11	66,058	72,317
Total liabilities		986,606	774,977
Net assets		3,818,051	2,911,012
Reserves			
Members account	12	1,056,360	1,056,360
Accumulated surplus	13	971,542	953,473
Translation reserve	14	1,790,149	901,179
Total member's fund		3,818,051	2,911,012

The financial statements were approved by the technical management board on 7 September 2021 and signed on its behalf by:


Segun Balogun
Chairman
FRC/2013/CIIN/00000002288


Paul Atiomo
Pool Manager
FRC/2016/CIIN/00000014929


Kabiru Jimoh
Pool Technical Accountant
FRC/2013/ICAN/00000001644

The accompanying notes form an integral part of these financial statements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF SURPLUS OR DEFICIT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Gross premium written		<u>1,282,417</u>	<u>1,130,036</u>
Gross premium income	15	1,143,740	1,141,169
Reinsurance premium	16	<u>(523,887)</u>	<u>(499,832)</u>
Net premium		619,853	641,337
Claims expenses	18	(576,914)	(414,873)
Fee and commission expenses	17	<u>(94,777)</u>	<u>(90,617)</u>
Underwriting (deficit)/surplus		(51,838)	135,847
Other income	19	172,396	139,576
Amortised discount on eurobonds	20	(9,676)	(13,751)
Management expenses	21	<u>(92,725)</u>	<u>(67,366)</u>
Surplus for the year		<u>18,157</u>	<u>194,306</u>
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Translation gain	14	888,970	898,250
<i>Items that will not be reclassified to profit or loss</i>		<u>-</u>	<u>-</u>
Other comprehensive income		<u>888,970</u>	<u>898,250</u>
Total comprehensive surplus for the year		<u>907,127</u>	<u>1,092,556</u>

The accompanying notes form an integral part of these financial statements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF CHANGES IN MEMBERS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Members Account N'000	Unassigned surplus N'000	Translation reserve N'000	Total equity N'000
At 1 January 2019	<u>1,880,128</u>	<u>759,167</u>	<u>2,929</u>	<u>2,642,224</u>
Changes in members account for the year ended 31 December 2019:				
Surplus for the year	-	194,306	-	194,306
Other comprehensive income				
Translation (loss)/gain	<u>(823,768)</u>	<u>-</u>	<u>898,250</u>	<u>74,482</u>
Total comprehensive surplus for the year	<u>(823,768)</u>	<u>194,306</u>	<u>898,250</u>	<u>268,788</u>
At 31 December 2019	<u>1,056,360</u>	<u>953,473</u>	<u>901,179</u>	<u>2,911,012</u>
At 1 January 2020	<u>1,056,360</u>	<u>953,473</u>	<u>901,179</u>	<u>2,911,012</u>
Changes in members account for the year ended 31 December 2020				
Surplus for the year	-	18,157	-	18,157
Other comprehensive income				
Translation gain	<u>-</u>	<u>(88)</u>	<u>888,970</u>	<u>888,882</u>
Total comprehensive surplus for the year	<u>-</u>	<u>18,069</u>	<u>888,970</u>	<u>907,039</u>
At 31 December 2020	<u>1,056,360</u>	<u>971,542</u>	<u>1,790,149</u>	<u>3,818,051</u>

The accompanying notes form an integral part of these financial statements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Cash flows from operating activities			
surplus for the year		18,157	194,306
Adjustment for:			
Effect of translation		888,882	74,482
		<u>907,039</u>	<u>268,788</u>
Changes in:			
Trade receivables		(83,358)	69,704
Reinsurance assets		-	9,855
Deferred acquisition cost		(11,339)	(937)
Other receivable		-	26,948
Insurance contract liabilities		217,888	52,600
Trade and other payables		(6,259)	8,213
Cash from operating activities		1,023,971	435,171
Income tax paid		-	-
Net cash from operating activities		<u>1,023,971</u>	<u>435,171</u>
Cash flows from investing activities			
Purchase of financial assets		(117,331)	(11,704)
Net cash used in investing activities		<u>(117,331)</u>	<u>(11,704)</u>
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		906,640	423,467
Cash and cash equivalents at 1 January		<u>2,986,461</u>	<u>2,562,994</u>
Cash and cash equivalents at 31 December	6	<u>3,893,101</u>	<u>2,986,461</u>

The accompanying notes form an integral part of these financial statements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Corporation information

1.1 The Pool

Energy & Allied Insurance Pool of Nigeria Limited/GTE ("the Pool") was incorporated on 24 October 2014 as a private limited liability Pool by Guarantee but commenced business fully in January 2015. The Pool which is a local content vehicle established by the Nigeria Insurers Association (NIA) through the support of the National Insurance Commission (NAICOM) currently has 26 subscribers comprising Insurance companies in Nigeria with a total subscribers capacity of \$15,500,000 (62 lines) at 31 December 2020.

1.2 Principal activities

The Pool's principal activity is to provide services aimed at promoting the existing policies towards increasing the capacity of underwriters in the oil and gas insurance sub-sector. Such service includes the provision of energy & allied insurance services, improvement of underwriting skills through provision of technical support via training, seminars, and conferences amongst others.

1.3 Going concern

These financial statements have been prepared on the going concern basis. The Pool has no intention or need to reduce substantially the scope of its business operations. Liquidity ratio and continuous evaluation of current ratio of the Pool is carried out to ensure that there are no going concern threats to the operation of the pool.

2. Basis of preparation

2.1 Basis of accounting

The financial statements are prepared under the historical cost convention

2.2 Functional and Presentation Currency

The functional currency of the Pool is USD being the currency in which most oil & energy insurance contracts are denominated but for presentation purpose, the financial statements are presented in Nigerian Naira, and are rounded to the nearest thousand ('000) since the Pool is domiciled in Nigeria.

2.3 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention.

3. Significant accounting policies

Significant accounting policies are defined as those that are reflective of significant judgments and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied by the Pool to all information presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, these assets are readily convertible into known amounts of cash.

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3.2 Financial instruments

The Pool's financial instruments include cash and short term deposits, trade and other receivables. Financial assets and liabilities are recognized when the Pool becomes a party to contractual provisions of the instrument. The classification of financial Assets depends on the purpose for which the investments were acquired or originated. The pool classifies its financial assets into the following categories:

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently remeasured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized gains and unrealised gains and losses are included in the profit or loss. Interest earned whilst holding held for trading investments is reported as investment income.

3.3 Trade receivables

Trade receivables are loans and receivables financial instruments specifically arising from insurance contracts and constitutes premium debtors with determinable payments that are not quoted in active market and the Pool has no intention to sell. Trade receivables on insurance contracts are initially recognized at fair value and subsequently measured at amortized cost less impairment. Trade receivables that are individually identified as impaired are assessed for specific impairments. All other trade receivables are assessed for collective impairments after 365 days.

3.4 Recognition and measurement of insurance contracts

Short-term insurance contracts are accounted for on an annual basis.

i) Short-term insurance contract premium

Written premium on short-term insurance contracts comprises premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premium income for the period includes adjustments to premiums written in prior accounting periods or premium not yet advised by the cedant for contracts in force at the end of the period. An estimate is made at the reporting date to recognise retrospective adjustments to premium or commission.

The outward reinsurance premiums relating to earned premiums are recognised as expense in accordance with the reinsurance services received.

ii) Claims arising from short-term insurance contracts

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in premium reserve and claim fund. Outstanding claims comprise provisions for all the Pool's estimated ultimate costs of settling all claims incurred but unpaid at the reporting date whether reported or not and related claim handling expenses. Outstanding claims that have occurred at the reporting date and have been notified to the Pool by the cedants are carried at their face value. Adequate provisions are also made for claims incurred but not reported at the reporting date using best available information. Outstanding claim provisions are disclosed at their carrying amounts and are not discounted except where there is a particularly long period from the claim incident to settlement in which case outstanding claims are discounted using a discount rate that best reflects current assessment of time value of money and associated risks. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

iii) Claim reserve and premium reserves

These consist of 100% of estimated losses reported by cedants and premium reserve established at the estimated remaining settlement period of the gross premium. The premium reserve retained is released in the corresponding period of the following year.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3.5 Taxation

The Companies and Allied Matters Act provides for the establishment of a Pool limited by guarantee for promoting commerce, art, education or some other similar objects. It states categorically in Section 26(4) that such a Pool shall not be incorporated with the aim of making profit for distribution to its members. Thus, section 19(c) of The Companies Income Tax Act (CITA) exempts the profits of any Pool engaged in ecclesiastical, charitable or educational activities of a public character from tax to the extent that such profits are not derived from a trade or business carried on by such Pool. This implies that profits derived from any trade or business activities of such Pool are not liable to tax.

3.6 Underwriting results

Underwriting results of the Pool are determined by compiling information received from the member insurance companies in returns detailing premiums, commissions, claims and reinsurance expenses incurred by the Pool.

The reserves are computed on the basis of the best information available at the end of the reporting period date, including past experience as adjusted for changes in circumstances and information supplied in returns submitted by the member insurance companies.

3.7 Interest income

Interest income comprises interest receivable on term deposits for the year and is recognized on the accrual basis.

3.8 Investments/short-term deposits

Investments comprise fixed and floating rate instruments and deposits. At the initial recognition of an investment, management determines its classification, which is dependent on the purpose for which the investment was acquired, and re-evaluates that classification at every reporting date.

3.9 Impairment

3.9.1 Financial assets (including loans and receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Pool on terms that the Pool would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment, the Pool uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income statement and reflected in an allowance account against receivables. Interest on the impaired asset where applicable continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3.9.2 Non-financial assets

The carrying amounts of the Pool's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Pool's financial statements are disclosed below. The Pool intends to adopt these standards, if applicable, when they become effective.

5. Financial risks management

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. Systematic risk affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. Non-systematic risks are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavourable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with "tying up" your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a Pool in which you're invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Energy and Allied Insurance Pool of Nigeria Limited is exposed to an array of risks through its operations. the Pool has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputational Risk, Foreign Currency Risk, Equity risk.

5.1 Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk. The Pool has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



5.2 Operational risks

Operational risks are the risks of direct or indirect loss arising from a wide variety of causes associated with the Pool's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Pool's operations.

The Pool's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Pool's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased.

Reinsurance is placed with "A" rated registered reinsurers. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by the Management Board prior to renewal of the reinsurance contract.

5.3 Credit risks

Credit risk is the risk of financial loss to the Pool if a debtor fails to make payments of interest and principal when due. The Pool is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Pool will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the pool's exposure to them.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5.4 Liquidity risks

Liquidity risk is the risk that the Pool will not be able to meet all cash outflow obligations as they come due. The Pool mitigates this risk by monitoring cash activities and expected outflows. The Pool's current liabilities arise as claims are made. The Pool does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

5.5 Currency risks

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately.

The Pool's principal transactions are carried out in US Dollars and its financial assets are primarily denominated in the US Dollars and its exposure to foreign exchange risk is high.

5.6 Business risks

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The corporate governance structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

The Pool holds regular strategic sessions both at the Technical Management Board and Management basis to review the corporate and the unit strategies and ensure the pool's market share is effectively defended against competition.

5.7 Reputational risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the Pool is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy.

5.8 Management of insurance and financial risks

Risk Management framework:

Energy and Allied Insurance Pool Nigeria limited has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Pool. As an insurance pool, the management of risk is at the core of the operating structure of Energy and Allied Insurance Pool Nigeria. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation.

The risk structure includes our approach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Pool's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Pool is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Pool only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

The Technical management Board sets the pool's risk appetite, approves the strategy for managing risk and is ultimately responsible for the pool's system of internal control. The Board carries out these functions through the pool managers. The Technical Management Board performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. They also function on oversight of financial reporting and accounting as well as review and approval of the Pool's investment policy, and approves investment over and above managements' approval limit.

Managers are responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board. Managers also ensure that explanations are provided to the Board for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Pool's systems of internal control is established by the organization in the management of enterprise risks across the organization. The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

a) Insurance risk management

The principal risk the Pool faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the pool is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Pool manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Pool has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for payment of some or all costs.

The Pool also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Pool actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

The Pool purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Pool has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Pool writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.

The Pool manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Pool. Reinsurance is placed with "A" rated registered reinsurers.

a(i) Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Pool is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The Pool takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certain reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premium at the end of the reporting period.

In deciding the assumption used, the Pool uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Pool also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These cohorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims.

a(ii) Expected loss ratio method

This method is used where the volume of data available is too small to be relied upon when using a statistical approach. The reserve for oil & gas was estimated based on this method. Under this method, we obtained the ultimate claims by assuming a loss ratio of 32%. Paid claims already emerged is then allowed for the estimated ultimate claim.

a(iii) Claims development tables

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Pool's various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, amount of claims occurrence, expected loss ratios and claims development.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N'000	2019 N'000
6. Cash and cash equivalents		
Balance with banks	697,386	501,687
Placements with banks (Note 6.1)	<u>3,195,715</u>	<u>2,484,774</u>
	<u>3,893,101</u>	<u>2,986,461</u>
6.1 Placements with banks		
Placements with Access Bank Plc	1,667,058	1,296,243
Placements with UBA Plc	<u>1,528,657</u>	<u>1,188,531</u>
	<u>3,195,715</u>	<u>2,484,774</u>
7. Financial assets measured at amortised cost		
Eurobond - Quoted	459,953	377,531
Eurobond - Unquoted	151,261	124,101
Treasury bill	49,999	47,427
Interest receivable (Note 7.2)	<u>15,184</u>	<u>10,007</u>
	<u>676,397</u>	<u>559,066</u>
7.1 Analysis of financial assets measured as amortised cost		
Non-current	626,398	511,639
Current	<u>49,999</u>	<u>47,427</u>
	<u>676,397</u>	<u>559,066</u>
7.2 This represents interest earned on fund placements but not yet received during the year.		
8. Trade receivables		
Due from insurance companies and brokers	243,966	134,894
Impairment allowance on doubtful debt (Notes 8.1)	<u>(40,068)</u>	<u>(14,354)</u>
	<u>203,898</u>	<u>120,540</u>
8.1 Impairment allowance		
At 1 January	14,354	20,991
Charge in the year	25,714	-
Write-back in the year	<u>-</u>	<u>(6,637)</u>
At 31 December	<u>40,068</u>	<u>14,354</u>

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N'000	2019 N'000
9. Deferred acquisition cost		
At 1 January	19,922	18,985
Movement in the year	<u>11,339</u>	<u>937</u>
At 31 December	<u>31,261</u>	<u>19,922</u>

9.1 Deferred acquisition cost represents commissions on unearned premium relating to the unexpired risk.

10. Insurance contract liabilities

Reserve for outstanding claims (Note 10.1)
Unearned premium reserve

551,436	472,230
<u>369,112</u>	<u>230,430</u>
<u>920,548</u>	<u>702,660</u>

	Outstanding claims N'000	Provision for IBNR N'000	Gross reserve N'000
10.1 Reserve for outstanding claims December 2020			
Oil & gas	<u>414,536</u>	<u>136,900</u>	<u>551,436</u>
December 2019			
Oil & gas	<u>362,748</u>	<u>109,482</u>	<u>472,230</u>

	2020 N'000	2019 N'000
11. Trade and other payables		
Due to insurance companies and brokers	-	9,462
Other payables (Note 11.1)	<u>66,058</u>	<u>62,855</u>
	<u>66,058</u>	<u>72,317</u>
11.1 Other payables		
Other creditors (Note 11.1.1)	64,058	60,855
Accrued expenses	<u>2,000</u>	<u>2,000</u>
	<u>66,058</u>	<u>62,855</u>
Current	66,058	72,317
Non-current	-	-
	<u>66,058</u>	<u>72,317</u>

11.1.1 This represent naira equivalent of 4.5% on gross written premium of \$3,686.905 for the year under review.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N'000	2019 N'000
12. Members account		
12.1 Pool limited by guarantee:		
At 1 January	1,056,360	1,880,128
Translation loss in the year	-	(823,768)
At 31 December	1,056,360	1,056,360

The Pool is limited by guarantee and has no share capital. Every member of the Pool undertakes to contribute to the assets of the Pool in the event of a winding up such an amount as may be required not exceeding N10,000.

13. Accumulated surplus		
At 1 January	953,473	759,167
Surplus for the year	18,157	194,306
Translation loss	(88)	-
At 31 December	971,454	953,473
14. Translation reserve		
At 1 January	901,179	2,929
Translation gain in the year	888,970	898,250
At 31 December	1,790,149	901,179

15. Gross premium

Gross premium earned is analysed as follows:

	2020		
	Inward reinsurance premium N'000	Increase in unearned premium during the year N'000	Gross premium earned N'000
Oil & gas	1,282,417	(138,677)	1,143,740
	2019		
	Inward reinsurance premium N'000	Increase in unearned premium during the year N'000	Gross premium earned N'000
Oil & gas	1,130,036	11,133	1,141,169

15.1 Unearned premium as at 31 December 2020 was earned during the year and converted to Naira using the average rate of N343.25/\$ as at 31 December 2020.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N'000	2019 N'000
16. Reinsurance expense		
Ceded premium during the year	<u>523,887</u>	<u>499,832</u>
Ceded premium	<u>523,887</u>	<u>499,832</u>
17. Fee and commission expenses		
Commission paid	66,168	69,524
Brokerage charges	<u>28,609</u>	<u>21,093</u>
	<u>94,777</u>	<u>90,617</u>
18. Net claims expenses		
Claims expenses		
Claims paid during the year	497,707	273,630
Increase in claim reserve (Note 10.1)	<u>79,207</u>	<u>141,243</u>
Net claims expenses	<u>576,914</u>	<u>414,873</u>
19. Other income		
Interest income on placements	144,022	132,615
Provision no longer required	<u>28,374</u>	<u>6,961</u>
	<u>172,396</u>	<u>139,576</u>
Amortised discount on eurobonds		
20. Investment securities - eurobonds	<u>9,676</u>	<u>13,751</u>
21. Management expenses		
Auditors' remuneration	1,500	1,500
Professional charges (Note 21.3)	-	130
Bank charges	2,590	2,464
Advert and publicity	-	324
Exchange loss (Note 21.1)	3,662	11,491
Secretarial fees	443	500
Pool Manager fee/commission (Note 21.2)	57,709	50,852
Custodian fees	1,107	-
Impairment on trade receivables (Note 8.1)	25,714	-
Other expense	-	105
	<u>92,725</u>	<u>67,366</u>
21.1 Exchange loss		
Buffer account (Note 23.1.1)	6,106	10,182
Exchange (gain)/loss (Note 23.1.2)	<u>(2,444)</u>	<u>1,309</u>
	<u>3,662</u>	<u>11,491</u>

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21.1.1 Buffer account is where the exchange difference on technical transactions done in other foreign currencies are recorded.

21.1.2 This represents unrealised exchange loss on bank balances and opening balances issues.

21.2 This represents Pool Manager's fee/commission, which is 4.5% gross written premium as agreed by the board.

21.3 These are expenses on stationery, printing and materials relating to audit expense.

22. Taxation

According to Section 23 of the CITA 2004, subsection 1i, the Pool is exempted from tax as it is limited by guarantee.

23. Related party disclosures

23.1 Related party

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly, jointly controlled, or significantly influenced or managed by a person who is a related party.

23.2 Related parties transactions

A **related party transaction** is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. If an entity has had related party transactions during the periods covered by the financial statements.

23.3 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the company, directly or indirectly, including any directors (whether executive or otherwise).

Mr. Segun Balogun	-	Chairman
Mr. Oye Hassan-Odukale	-	Director
Mr. Edwin Igbiti	-	Director
Mr. Olatoye Odunsi	-	Director
Mr. Olaotan Soyinka	-	Director
Mr. Eddie Efekoha	-	Director
Mr. Ben Agili	-	Director

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23.3.1 Compensation of key management personnel

Total compensation of key management personnel

-

24. Events after the reporting date

There are no events after reporting date which could have a material effect on the financial statements of the Pool as at 31 December 2020 or the financial performance for the year ended that have not been adequately provided for or disclosed.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Material disclosure on the impact of COVID-19

In year 2020, pandemic outbreak impact on the Nigerian insurance sector could be looked at in terms of the rise in health, travel and business interruption claims, reduced business activity leading to a much higher need for marketing as well as lower emphasis on physical meetings. On the larger economy it resulted in slowdown and lower interest rates with a much higher probability of the credit risk of default in payments by businesses.

According to the world bank overview of Nigeria in late 2020, the country was impacted by the pronounced decline in oil prices and spikes in risk aversion in global capital markets. The statistics showed 40 percent of Nigerians (83 million people) live below the poverty line. Another 25 percent (53 million) were vulnerable to Covid-19 leading them into poverty. Nigeria's economy was said to be growing at 6.3% before COVID-19 struck and the effect was also anticipated to have led to unemployment and underemployment with year 2020 growth mainly expected perhaps from Agriculture. It was also stressed that Nigeria continued to face massive several developmental challenges with the economy susceptible to the impact of COVID-19.

In adapting to the government's response to COVID-19, the Pool responded appropriately by activating its Business Continuity Plan to ensure continuous service to customers and safety of employees and other stakeholders. This was mostly achieved through the deployment of necessary secured technology for remote working and the observance of universally accepted Covid-19 protocols.

Going Concern Assessment

The Pool will continue to assess the status of the fight against the pandemic and its impact on the Pool's business. However, based on current assessment and result for the year just concluded, the Directors are confident that the Going Concern of the Pool will not be threatened and would be able to continue to operate post COVID-19 and in the foreseeable future.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Other National Disclosures

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

APPENDIX 1

REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	Oil & Gas N'000	Total N'000	Oil & Gas N'000	Total N'000
Income				
Inward reinsurance premium	<u>1,282,417</u>	<u>1,282,417</u>	<u>1,130,036</u>	<u>1,130,036</u>
Gross written premium	<u>1,282,417</u>	<u>1,282,417</u>	<u>1,130,036</u>	<u>1,130,036</u>
Increase/(decrease) in unearned premium during the year	<u>(138,677)</u>	<u>(138,677)</u>	<u>11,133</u>	<u>11,133</u>
Gross premium earned	<u>1,143,740</u>	<u>1,143,740</u>	<u>1,141,169</u>	<u>1,141,169</u>
Deduct:				
Outward reinsurance premium	<u>(523,887)</u>	<u>(523,887)</u>	<u>(499,832)</u>	<u>(499,832)</u>
Reinsurance cost	<u>(523,887)</u>	<u>(523,887)</u>	<u>(499,832)</u>	<u>(499,832)</u>
Net premium earned	<u>619,853</u>	<u>619,853</u>	<u>641,337</u>	<u>641,337</u>
Gross claims paid				
Claims expenses	<u>(576,914)</u>	<u>(576,914)</u>	<u>(414,873)</u>	<u>(414,873)</u>
Gross claims incurred	<u>(576,914)</u>	<u>(576,914)</u>	<u>(414,873)</u>	<u>(414,873)</u>
Acquisition expenses	<u>(94,777)</u>	<u>(94,777)</u>	<u>(90,617)</u>	<u>(90,617)</u>
Total expenses	<u>(94,777)</u>	<u>(94,777)</u>	<u>(90,617)</u>	<u>(90,617)</u>
Underwriting surplus	<u>(51,838)</u>	<u>(51,838)</u>	<u>135,847</u>	<u>135,847</u>

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N'000	%	2019 N'000	%
Gross premium income	1,282,417		1,130,036	
Other income	<u>172,396</u>		<u>139,576</u>	
	1,454,813		1,269,612	
Bought in materials and services:				
- Local	(1,378,947)		(1,024,454)	
- Imported	<u>-</u>		<u>-</u>	
Value added	<u>75,866</u>	<u>100</u>	<u>245,158</u>	<u>100</u>

APPLIED AS FOLLOWS:

To pay Pool Manager:

Manager's commission	57,709	76	50,852	21
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Retained in the business

Depreciation and amortisation	-	-	-	-
(Deficit)/surplus for the year	<u>18,157</u>	<u>24</u>	<u>194,306</u>	<u>79</u>
	<u>75,866</u>	<u>100</u>	<u>245,158</u>	<u>100</u>

Value added represents the additional wealth which the pool has been able to create/erode by its member and its employees' efforts. This statement shows the allocation of that wealth among the employees, government, providers of capital and that retained for the future creation of more wealth.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

FINANCIAL SUMMARY

31 DECEMBER

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Assets/liabilities					
Assets					
Cash and cash equivalents	3,893,101	2,986,461	2,562,996	2,282,494	2,253,770
Financial assets:					
Financial assets held to maturity	676,397	559,066	537,356	-	-
Trade receivables	203,898	120,540	190,244	334,592	229,781
Reinsurance assets	-	-	9,855	119,598	50,781
Deferred acquisition cost	31,261	19,922	18,985	13,727	14,186
Total assets	4,804,657	3,685,989	3,319,436	2,750,411	2,548,518
Liabilities					
Insurance contract liabilities	920,548	702,660	650,062	644,920	404,546
Trade and other payables	66,058	72,317	64,105	143,494	298,928
Total liabilities	986,606	774,977	714,167	788,414	703,474
Net assets	3,818,051	2,911,012	2,605,269	1,961,997	1,845,044
Reserves					
Members account	1,056,360	1,056,360	1,880,128	1,873,978	1,777,523
Accumulated surplus	971,542	953,473	759,167	87,731	119,018
Translation reserve	1,790,149	901,179	2,929	288	(51,497)
Total member's fund	3,818,051	2,911,012	2,642,224	1,961,997	1,845,044
Statement of profit or loss and other comprehensive income					
Gross premium written	1,282,417	1,130,036	1,345,396	1,311,698	1,265,678
Surplus for the year	18,157	194,306	671,436	20,174	31,701
Income tax expense	-	-	-	-	-
(Deficit)/surplus after tax	18,157	194,306	671,436	20,174	31,701

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Annexure

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF FINANCIAL POSITION - ANNEXURE 1 AS AT 31 DECEMBER 2020

	2020 \$'000	2019 \$'000
Assets		
Cash and cash equivalents	10,245	9,744
Financial assets held to maturity	1,780	1,824
Trade receivables	537	393
Deferred acquisition cost	82	65
Total assets	12,644	12,026
Liabilities		
Insurance contract liabilities	2,422	2,293
Other payables and provisions	174	236
Total liabilities	2,596	2,529
Net assets	10,048	9,497
Reserves		
Members account	6,134	6,134
Unassigned surplus	3,914	3,363
Total member's fund	10,048	9,497

Translations based on the Central Bank of Nigeria ruling rate as at 31 December, 2020 at N380.00/\$.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF COMPREHENSIVE INCOME - ANNEXURE 2 FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 \$'000	2019 \$'000
Gross premium written	<u>3,736</u>	<u>3,687</u>
Gross premium income	3,517	3,723
Reinsurance premium	<u>(1,526)</u>	<u>(1,631)</u>
Net premium	1,990	2,092
Claims expenses	(1,360)	(1,111)
Fee and commission expenses	<u>(276)</u>	<u>(296)</u>
Underwriting surplus	354	686
Investment income	391	388
Management expenses	<u>(171)</u>	<u>(197)</u>
Surplus for the year	<u>574</u>	<u>877</u>
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Translation gain	-	-
Items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>
Other comprehensive income (net of tax)	<u>-</u>	<u>-</u>
Total comprehensive surplus for the year	<u>574</u>	<u>877</u>

All the statement of profit or loss and other comprehensive income items were translated using the CBN average rate of N343.25/\$ as at 31 December 2020 (2019: N306.50/\$).